

Bureau of Consumer Financial Protection  
1700 G Street NW  
Washington, D.C. 20552



December 31, 2019

The Honorable Barry Loudermilk  
U.S. House of Representatives  
422 Cannon House Office Building  
Washington, D.C. 20515

Dear Congressman Loudermilk:

Thank you for your letter of November 26, 2019, regarding guidance on financial institutions' use of artificial intelligence (AI) and machine learning (ML).

In the Consumer Financial Protection Bureau's (Bureau's) role of protecting consumers, Congress tasked the Bureau with the mission of facilitating innovation and access to financial products and services for consumers. The use of AI/ML has the potential to expand access to credit for some of the approximately 45 million Americans with no or thin credit files. These technologies also can make models more efficient, leading to faster decision times and potentially reducing the cost of credit. Given these potential benefits, we see these technologies as important to our mission. In considering AI/ML and other emerging technologies, the Bureau is strongly committed to helping spur innovation, while being mindful of possible risks.

In your letter, you noted that it is important that guidance on AI/ML be coordinated among the banking regulators to avoid inconsistencies among the federal regulatory agencies. The Bureau appreciates the concerns raised in your letter. Recently, the Bureau, along with the Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporation, the National Credit Union Association, and the Office of the Comptroller of the Currency, issued a

joint statement on the use of alternative data in credit underwriting.<sup>1</sup> The statement is relevant to the use of AI/ML as many of these technologies involve the use of alternative data.

As adoption and use of AI/ML increases in financial services, the Bureau will continue to work with our interagency counterparts in a manner that encourages consumer-beneficial innovations while ensuring that risks are appropriately managed.

Thank you again for your letter and interest in this important matter. Should you have any questions about this response, please do not hesitate to contact me or have your staff contact Janel Fitzhugh in the Bureau's Office of Legislative Affairs. Ms. Fitzhugh can be reached at (202) 435-7149.

Sincerely,

A handwritten signature in black ink, reading "Kathleen L. Kraninger". The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

Kathleen L. Kraninger  
Director

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<sup>1</sup> <https://www.consumerfinance.gov/about-us/newsroom/federal-regulators-issue-joint-statement-use-alternative-data-credit-underwriting/>